

EXHIBIT F

(Rev. 10-6-95)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 07/14/2003

On July 10, 2003, ARTHUR TODD BEARD, Senior Vice President, First Commercial Bank (FCB), [REDACTED], was interviewed at his office. [REDACTED]

[REDACTED]. Conducting the interview were Special Agent James K. Murray of the Federal Bureau of Investigation and Chief Investigator Jack Brennan of the Alabama Attorney General's Office. After being advised of the identity of the interviewing agents, BEARD provided the following information pertaining to the FCB's loans to the Alabama Education Foundation (AEF).

FCB had two loan transactions with the AEF. It was noted that the Article of Incorporation for the Alabama Education Lottery Foundation were in the loan file, but the loans were extended in the name of the Alabama Education Foundation (AEF). BEARD advised that loan number 69307167-1 was a line of credit to the AEF originally tendered on October 4, 1999 in the amount of \$350,000. The amount was later raised to \$400,000. The loan was guaranteed by the following individuals:

ALEX W. NEWTON
 CHRISTOPHER PETERS
 MARK L. REDDITT
 KEITH GIVENS
 SAMUEL A. CHERRY, JR.
 KENNETH W. HOOKS
 W. LEE PITTMAN
 JOHN CROWDER
 GREGORY B. BREEDLOVE
 DONALD M. LEEBURN, III
 DAVID LEON ASHFORD
 J. MERVYN NABORS

BEARD advised that he primarily dealt with NABORS and NICK BAILEY regarding the details of the loan, which was used to repay a loan outstanding to Colonial Bank. All of the guarantors except for NABORS and LEEBURN are trial lawyers. LEEBURN is associated with the Seagrams Distillery Company. NABORS is

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| Investigation on | <u>07/10/2003</u> | at | <u>Birmingham, Alabama</u> | |
| # | <u>194A-MO-42984</u> | QAD | Date dictated | <u>07/14/2003</u> |
| by | <u>SA James K. Murray</u> | | | |

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associated with the Aerosonic Corporation. Alex Newton is on the board of FCB. The first loan was paid off in full by a check from the Alabama Education Lottery Foundation (AELF) account at Colonial Bank on November 5, 1999.

An AEF checking account (#59468) was also set up on November 5, 1999. A review of the records reveals that several large checks were deposited into this account during the fall and winter of 1999-2000. Deposits were noted from:

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| Integrated Health Services (deposited 11/5/99) | \$250,000.00 |
| IPSCO (11/5/99) | \$25,000.00 |
| Software and Resource Management INC (11/9/99) | \$15,000.00 |
| Oracle (1/24/00) | \$10,000 |
| Hitachi (1/24/00) | \$17,000 |
| Shorr and Associates (1/24/00) | \$5,524.55 |
| Kimberly Clark Company (1/24/00) | \$25,000 |
| Alfa Insurance Company (2/16/00) | \$100,000.00 |

The second FCB loan to the AEF occurred on March 9, 2000 in the amount of \$730,780.29 and was numbered 69307167/10. BEARD explained that the "01" or "10" following the loan number referred to the type of loan taken. Whereas a "01" was a line of credit, a "10" represented a single pay loan. BEARD recalled that he spoke to Governor DONALD SIEGELMAN and NABORS regarding this loan, which was to be to assist the educational lottery efforts. None of the other original guarantors from the first loan were placed on this loan. BEARD estimated he spoke to Governor SIEGELMAN approximately four times regarding this loan, with NABORS on the conference calls most of the time. BEARD was directed by SIEGELMAN to deal directly with BAILEY regarding this loan. BEARD met with BAILEY and noted that the Articles of Incorporation of the AEF would have to be amended to authorize BAILEY to borrow money on behalf of the AEF, which was accomplished in March of 2000. BEARD recalled asking Governor SIEGELMAN if there was anything that FCB could do to receive more state business, and was referred by SIEGELMAN to Finance Director HENRY MABRY. BEARD and FCB officials did ultimately meet with MABRY and received some state business.

On March 9, 2000, \$730,749 was distributed from the loan to Colonial Bank for the credit of the Alabama Democratic Party's loan there. On March 13, 2000 BAILEY's secretary, GINA FRIDAY sent a fax to FCB instructing that an additional \$5,000 should be wired to Colonial bank to cover an interest payment due there. On March 14, 2000, a \$440,000 pay down the outstanding loans was made, which

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was handled by BAILEY. The funds for this pay down come from the aforementioned corporate deposits into the AEF checking account at FCB. BEARD recalled that a check from Health South Corporation in Birmingham for \$250,000 was directly applied towards the second loan on May 23, 2000. On July 3, 2000 the loan was renewed, becoming loan number #69307167-11, with an outstanding balance of \$40,789.00. On July 16, 2000 a \$10,000 check from DONALD LEEBERN was applied directly to the loan.

FCB closed out the second loan on January 31, 2001. A review of the loan records reveals that checks were received from Bama Concrete Company (\$12,500), SkillsTutor.Com (\$5,000), and a Political Action Committee (PAC) called the Alabamians for Economic Development (AED \$13,500) which were combined with funds transferred from the State Democratic Executive Committee (\$7,645.06) for the final payoff. AED is a PAC ran by JIM HOLCOMB, an officer of the investment firm Stern, Agee, and Leach.

Following the interview, FCB provided an envelope with copies of the aforementioned loan and checking account documents. These copies were routed to the investigative file.